



Small businesses are the engines driving our economy. Any economic recovery will be made in large part through increased hiring by our nation's small businesses. According to the National Federation of Independent Business, over the last 10 years, small businesses are responsible for creating 60 percent to 80 percent of new jobs annually.

A crucial aspect of the ability of these businesses to hire and retain employees is access to capital. Many healthy small businesses are currently unable to acquire new lines of credit, which has prolonged this economic downturn. Small banks across the country have a unique ability to help. While communities continue to recover from the dramatic fall in real estate, commercial, industrial and residential alike, the rock bottom real estate prices hit small and regional banks particularly hard — so much so that their ability to make new loans has been significantly hampered.

On Thursday, the House Small Business Subcommittee on Investigations, Oversight, and Regulations held a hearing on small-business lending. We both attended this hearing, where individuals outlined the challenges they are facing in obtaining and providing credit as small-business owners and community bankers respectively.

We heard that while regulators in Washington, D.C., are telling banks to continue to lend, the drop in real estate values is causing examiners on the ground to tighten up and require these smaller banks to hold more capital against future losses. This prevents important neighborhood financial institutions from making loans to many of our qualified and innovative small businesses.

Action must be taken to reverse this trend, providing local banks with regulatory relief that will result in increased lending to small businesses. This is why next week, we are introducing the Small Business Lending For Jobs Act of 2012. The bill is targeted to community banks; it applies only to banks with less than \$10 billion in assets.

This legislation would provide bank regulators and the Consumer Financial Protection Bureau a mission of promoting credit availability so long as credit is provided in a safe and sound manner. Currently, examiners often take the most conservative approach with the biggest negative

impact on the bank. This bill provides balance by requiring agencies to promote credit availability so long as banks provide it safely. This change will mean the examiner will now factor in the impact on customers, the community and the bank in assessing loans.

The legislation further allows small and regional banks to spread losses in current real estate values over a seven-year period, thus keeping capital available to make new, sound loans to qualified businesses. It also allows many small-business customers to keep their existing lines of credit, which enable them to stock inventory, make payroll, and weather the storm as we rebuild our economy. Allowing these community institutions to spread the loss in value of these loans over seven years will provide immediate relief and the ability to help the communities they serve through the financial crisis.

Failure to strengthen our economy is not an option. All solutions must be on the table. Our small businesses have always been at the forefront of innovation and leading the can-do spirit of the American people. We must help Main Street, and our proposal is one tool that will provide immediate aid to small businesses across the country to hire new employees and grow.

Our legislation is designed to strike the appropriate regulatory balance that will make credit available to small businesses while preserving the soundness and safety of community banks.

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